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TAGS: ECON ENRG PGOV PREL RU GG

SUBJECT: GEORGIAN BUSINESS WORRIES ABOUT APRIL 9 INSTABILITY

Classified By: DCM Kent Logsdon for reasons 1.4 (b) and (d).

¶1. (C) Summary and Comment: Business leaders, both international and Georgian, are increasingly nervous about the upcoming April 9 protest. Nearly to a one, they highlight that opposition leaders, in their single-mindedness to oust Saakashvili, are slowly destroying the economy and Georgia's ability to attract new investment. Like everywhere else, Georgian business prefers stability, although many are not cheerleaders for the current government. Some business leaders, such as Fady Asly, a long-time resident of Tbilisi and head of the International Chamber of Commerce (ICC) have publicly prevailed upon the opposition to recognize the impact protests will have on the Georgian economy and urged them to keep the protests peaceful. Others unwilling to get pulled into the political fray have restrained from public comment, but have said privately that they are worried because the opposition has no plan and does not care what the country would look like if protests succeed on April 9 in ousting Saakashvili and his government. Without Saakashvili and his team of technocrats, business leaders worry it could take years for the economy and the country to recover. End Summary and Comment.

DOING WHAT'S BEST FOR THE COUNTRY?

¶2. (C) George Tavadze, President of the GMT Group, a significant investor in real estate and manufacturing, told Econoff that he is concerned that opposition leaders are looking out for their own political fortunes to the detriment of the country. Tavadze, no fan of the Saakashvili government, added that Georgia can't seem to make it more than six months without a crisis, whether internal or external. Despite press reports and rumors to the contrary, Tavadze stressed that neither he nor the GMT Group is funding Irakli Alasania or any other political group, including the United National Movement. In business since 1996, he said the only way GMT, owners of both the Tbilisi Marriott and Courtyard Marriott, has been able to survive is by avoiding political entanglements. Tavadze realizes that tying his fortunes to any political group could quickly and easily backfire, making it impossible for him to do business.

RUSSIAN FUNDING THROUGH GEORGIAN BUSINESS ABROAD

¶3. (C) Tavadze said that to his knowledge Georgian businesses were not experiencing pressure, despite the worsening economy and tumultuous political situation, to fund political parties - either opposition or the UNM. He said that most of the opposition parties did not need money, as they were being funded by Georgian businessmen abroad, mostly in Moscow. He said that while rank and file opposition supporters might not be aware, the bulk of the funding coming from Georgian business abroad, he believed, originated with Russia.

THE GOVERNMENT IS ITS OWN WORST ENEMY

¶4. (C) Tavadze said he believed that it was the government's lack of movement on a new election code, as well as its efforts to stifle moderate opposition voices that have helped

create the radical opposition it must confront today. Tavadze said that in order to create the democratic processes desperately needed in Georgia, the government must pass a new electoral code supported by all parties, as well as find ways to discuss and compromise with political rivals. Tavadze pointed to the work of Christian Democratic Party leader Giorgi Targamadze as a model for the opposition. He said while many might question Targamadze's background, the Christina Democrats are using democratic structures to build OChristina Democrats are using democratic structures to build a party platform and an increased following among the population. Though not a Targamadze supporter, Tavadze said he admired what he had been able to accomplish.

INSTABILITY) NO FRIEND TO GEORGIA

¶5. (C) President of the ICC and long-time Georgia resident Fady Asly said that in a series of recent meetings with the non-parliamentary opposition he stressed that a destabilized imagine of Georgia does not help the country or its people. In an open letter to the opposition published in several local newspapers, Asly highlighted the destructive nature of the non-parliamentary opposition's playbook. He said that regardless of what happens on April 9, international investors will see Georgia as &another unstable country to avoid at all costs.⁸ He added, &The only losers in this expression of democracy will be Georgia and every single Georgian citizen, including each and every member of the opposition.⁸ Asly is also making the rounds of western embassies, urging Ambassadors to push the opposition toward dialogue.

AMCHAM CHOOSES TO STAY OUT OF THE POLITICAL FRAY

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¶6. (C) All of the members of the American Chamber of Commerce Board of Directors have said they are worried about April 9 and how it might impact both business and the country. In an economy already weakened by the August conflict and the international financial crisis, many believe Georgia can ill afford to lose potential investors due to perceived or actual domestic political turmoil. The Board decided however, echoing Tavadze's thoughts above, that AmCham should remain first and foremost a business organization, and for the good of its members stay out of the public political debate.

WHAT WILL HAPPEN ON APRIL 9?

¶7. (C) Business leaders clearly believe that as long as people rally in the streets on April 9, the Georgia economy will suffer. Tavadze said that he believes the protests will be short-lived due to the upcoming orthodox Easter holidays. He said, however, if the protests draw significant numbers of people, especially from the ranks of ordinary Georgians, the government will not recover unless it addresses the concerns of the population. Tavadze said he doesn't believe the government will fall on April 9, but he wondered out loud whether Saakashvili would be able to serve out his entire second term.

TEFFT